

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 6984

BILL NUMBER: SB 434

NOTE PREPARED: Jan 20, 2011

BILL AMENDED:

SUBJECT: Retail Handgun Dealer's Licenses.

FIRST AUTHOR: Sen. Hume

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that after June 30, 2011: (1) a retail handgun dealer's license is valid for six years from the date the license is issued instead of two years; and (2) the fee to obtain the license is \$60 instead of \$20.

Effective Date: July 1, 2011.

Explanation of State Expenditures: [Note: At the current time, information on the number of retail handgun dealer's licenses issued in the state was not made available by the Indiana State Police. This information will be updated when the data is provided.]

This bill will decrease the workload of the Indiana State Police (ISP) to process approximately 300 annual applications for retail handgun dealer's license renewals between FY 2014 and FY 2017.

Explanation of State Revenues: [Note: At the current time, information on the number of retail handgun dealer's licenses issued in the state was not made available by the Indiana State Police. This information will be updated when the data is provided.]

Summary: This bill will increase the amount of revenue the state receives from retail handgun dealer's licenses by approximately \$12,000 per year during FY 2012 and FY 2013. However, the bill will also decrease revenue the state receives from retail handgun dealer's licenses by approximately \$5,400 to \$5,700 during FY 2014 through FY 2017. A summary of the bill's net fiscal impact is included in the following table.

Revenue Estimate	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Current	\$6,000	\$6,000	\$6,300	\$6,300	\$6,600	\$6,600
As Proposed	\$18,000	\$18,000	\$900	\$900	\$900	\$900
Net	\$12,000	\$12,000	(\$5,400)	(\$5,400)	(\$5,700)	(\$5,700)

Additional Information:

Revenue collected from fees for retail handgun dealer's licenses is deposited into the state General Fund.

Currently, the fee to obtain a retail handgun dealer's license is \$20. This bill will make the fee \$60, thereby generating an additional \$40 of revenue for each license requested. Assuming 300 individuals will renew their retail handgun dealer's licenses, this bill will generate approximately \$18,000 in revenue per year for FY 2012 and FY 2013, representing an increase of approximately \$12,000 in revenue per year during FY 2012 and FY 2013.

Retail handgun dealer's licenses are currently valid for two years. The bill will make these licenses valid for six years. This bill will decrease revenue received during FY 2014 through FY 2017 for retail handgun dealer's license renewals. The estimated reduction in state revenue from fees for retail handgun dealer's licenses is listed in the table above.

Assuming 5% of the assumed population of individuals that hold a retail handgun dealer's license will apply annually for a license, an estimated 15 individuals will apply for a new retail handgun dealer's license each year. New applications for retail handgun dealer's licenses are expected to generate \$900 in revenue per year between FY 2014 and FY 2017.

Estimate Methodology: According to the United State Census Bureau, there are 595 sporting goods and supercenters in the state. It was assumed these businesses would be the primary businesses interested in obtaining a retail handgun dealer's license to sell firearms in the state. Assuming this is the entire population and considering a retail handgun dealer's license must be renewed every two years, it was estimated that about half of the 595 retailers would seek renewal in FY 2012 and the other half would seek renewal in FY 2013. Thus, approximately 300 individuals would seek renewal of a retail handgun dealer's license each year for FY 2012 and 2013.

The data from the U.S. Census Bureau does not provide information on the number of new retail handgun dealer's license applicants per year. Assuming 5% growth in the population of individuals that hold a retail handgun dealer's license, an estimated additional 15 individuals will apply for a new retail handgun dealer's license each year.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: ISP.

Local Agencies Affected:

Information Sources: U.S. Census Bureau.

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